General information about the book

• A selection of the most representative texts from the period 2008-2018.
• Follows up on Cincuenta años de pensamiento en la CEPAL: textos seleccionados (1998) and Sesenta años de la CEPAL: textos seleccionados del decenio 1998-2008 (2010).
• Contains an analytical introduction on 70 years of ECLAC work, with particular emphasis on its intellectual output over the last 10 years.
• Texts structured in 15 chapters grouped into 5 thematic areas that have been a focus of ECLAC thinking since 2008:
  i. The importance of equality
  ii. Social development
  iii. Macroeconomics for development
  iv. Production development
  v. Environmental sustainability.
Ongoing elements of analysis in the intellectual output of ECLAC

1. Centre-periphery approach (Prebisch) to explain development asymmetries among countries and historical-structural approach (Furtado and Sunkel) to characterize underdevelopment in Latin America.

2. Key analytical aspects of the centre-periphery approach:
   i. Slow and uneven dissemination of technology at the international level
   ii. Poorly diversified production and export structure that worsens external vulnerability
   iii. Structural heterogeneity of production and its mirror image, social inequality (social heterogeneity)
   iv. Weak institutional framework and a State-market-society equation ill-configured for sustainable development
   v. Regional integration plays a key role.

The main messages over 70 years
Structuralist period

- **1950s - Industrialization**: State-led industrialization policies to narrow the production and technological gaps between developed and developing economies.

- **1960s - Structural reforms for regional development**: Agrarian reforms and income redistribution policies to reduce structural heterogeneity and spur development.

- **1970s - Development in Latin America and the Caribbean**: Move towards development models with sustainable patterns of production, consumption and distribution, and promote regional manufacturing exports.

- **1980s - Debt crisis and the “lost decade” in Latin America**: Against a cartel of creditors, ECLAC proposed renegotiating external debt on new foundations in order to sustain investment and growth and to mitigate the social costs of the crisis.
The main messages over 70 years
Neostructuralist period

- **1990s - Changing production patterns with social equity**: Focus on incorporating technological progress to increase true competitiveness and combine growth with equity to fill gaps. The importance of the fiscal covenant.

- **2000s - Globalization, development and citizenship**: Awareness of the asymmetrical effects of globalization and proposal for a new role based on restructured production systems and the recognition of the full value of citizenship.

- **2010s - Equality at the centre of sustainable development**: Equal rights as an objective of and condition for sustainable development; promoting progressive structural change, an environmental big push and compacts for equality in line with the 2030 Agenda for Sustainable Development and the SDGs; ending the culture of privilege.

The seventh decade: paths towards equality for Latin America and the Caribbean
The prevailing development pattern is unsustainable

- Economic unsustainability: crisis, financial instability and slow recovery in the global economy (recessionary bias)
- Social unsustainability: increasing income concentration and rising tensions associated with inequality among countries and development gaps in the global economy
- Environmental unsustainability: environmental degradation and the increase of climate change effects jeopardize development opportunities for future generations
- It is necessary to progress towards a new development pattern with equality at its core.
- Why is equality central to the new development pattern?

Equality as an ethical principle and ultimate goal of development

- Broadening the concept of equality to cover autonomy, recognition and dignity.
- All individuals must be recognized as equal in rights (both civil and political) and dignity – equality, with a rights-based approach.
- Concept goes beyond redistribution of income.
- Considers other dimensions: capacities, social protection and access to public goods.
The new development pattern: equality for growth

• Equality is not a cost, but a necessary requirement for building a sustainable development pattern that is compatible with peace and global prosperity
• Increase equality by boosting human capacities and dismantling inequalities in access to capacities and opportunities
• Education and full access to capacities are even more urgent and necessary for dynamic participation in a world in the throes of technological revolution
• Preserving the environment to equal out development opportunities between generations

The new development pattern: growth for equality

• A macroeconomy that mitigates volatility and stimulates investment, protecting public investment from the economic cycle
• Promote production diversification towards sectors that are more dynamic in terms of technology and international trade
• Boost inclusion from within the labour market
• Universalize rights and social benefits
• Achieve greater territorial convergence
• A new, environmentally-sustainable production and consumption pattern: placing the technological revolution at the service of the environment.
Towards a new development paradigm with equality and sustainability to drive economic growth

CURRENT DEVELOPMENT PATTERN

- Environmental crisis and climate change
- Growing inequalities and exclusion
- Poorly diversified production structure in developing countries, jobless growth and low productivity
- Fragile economic stability

NEW DEVELOPMENT PARADIGM

- Environmental big push with carbon-free consumption and production patterns
- New social compact: universal access to basic goods and services and social protection
- Schumpeterian efficiency: innovation- and knowledge-intensive sectors that offer employment with rights
- Keynesian efficiency: expansion of aggregate demand and active fiscal policy aimed at sustainable economic development

A macroeconomy for sustainable development with equality

- Just as social issues are not played out in the social sphere alone, production issues are not played out only in the production sphere.
- Macroeconomic policy, which acts in the short term, exerts a key influence —by determining investment and competitiveness— on the production structure and the long-term growth trajectory.
- The production structure affects macroeconomic dynamics by determining the degree of exposure to external shocks (terms of trade, availability of financing, etc.).
- This means shaping a macroeconomy for development that bridges the short and medium terms.
- Selective fiscal policy to protect investment and social policy.
Without industrial and technology policies, there can be no environmental big push

• Diversification of the production structure, creating capacities for the incorporation of knowledge, inclusion and environmental stewardship
• Production specialization, with investment that support:
  • Lower-carbon energy patterns
  • Circular economy and less polluting consumption
  • Smart cities
• Capacity-building requires education and a universal care economy and social protection
• Creation of employment in low-carbon trajectories

Moving towards dynamic comparative advantages

(Percentages of the total)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
Changing the production structure to create more productive jobs with higher wages

Latin America (18 Countries): Indicators of Structural Heterogeneity, Around 2009
(Percentages)

Latin America (18 Countries): GDP per Employed Person, Around 2009
(Thousands of dollars)


Regional integration is a key to urgently needed production and export diversification

Latin America and the Caribbean: Number of Products Exported to Selected Destinations, 2016
(Six-digit Harmonized Commodity Description and Coding System)

Latin America and the Caribbean (Selected Countries): Proportion of Total Manufacturing Exports Shipped within the Region, 2016
(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations International Trade Statistics Database (UN Comtrade) [online] https://comtrade.un.org/

* Includes low-, medium- and high-tech manufactures.
Poverty and inequality reduction needs fresh impetus

LATIN AMERICA AND THE CARIBBEAN: POVERTY AND EXTREME POVERTY RATE, 2002-2017*
(Percentages)

Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).
* Estimate for 18 countries of Latin America and the Caribbean.
** Data for 2017 are projections.

Tackling gender inequalities, which reflect the culture of privilege and support the prevailing development pattern


Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG).
Reducing evasion and increasing the progressiveness of tax systems

LATIN AMERICA: TAX COLLECTION AND ESTIMATED EVASION, 2015
(Percentages of GDP and billions of dollars)

RATIO OF TAX REVENUES TO GDP, 2015
(Total tax revenue as a percentage of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio of Tax Revenue to GDP</th>
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<tbody>
<tr>
<td>Cuba</td>
<td>28.1%</td>
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<tr>
<td>OECD average</td>
<td>26%</td>
</tr>
<tr>
<td>Argentina</td>
<td>29.9%</td>
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<tr>
<td>Brazil</td>
<td>29.9%</td>
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<tr>
<td>Barbados</td>
<td>27.6%</td>
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<tr>
<td>Trinidad and Tobago</td>
<td>27.2%</td>
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<tr>
<td>Uruguay</td>
<td>26.9%</td>
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<tr>
<td>Belize</td>
<td>26.4%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>26.2%</td>
</tr>
<tr>
<td>Bolivia (Rep. of)</td>
<td>26.0%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>25.8%</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>25.6%</td>
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<td>Haiti</td>
<td>25.5%</td>
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<td>Ecuador</td>
<td>25.2%</td>
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<tr>
<td>Venezuela (Rep. of)</td>
<td>25.1%</td>
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<tr>
<td>Nicaragua</td>
<td>24.8%</td>
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<td>Colombia</td>
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<td>Bahamas</td>
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<td>Panama</td>
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<td>Paraguay</td>
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<td>Mexico</td>
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<td>El Salvador</td>
<td>23.4%</td>
</tr>
<tr>
<td>Guatemala</td>
<td>23.2%</td>
</tr>
</tbody>
</table>


Estimated tax evasion:
US$ 340 billion (6.7% of GDP)

Governance of natural resources with a view to sustainability, structural change and equality

Latin America and the Caribbean has more mining conflicts than any other region

The 2030 Agenda reflects the consensus of the international community regarding the need to combat inequality

Achieving the SDGs requires:

- **Global governance** to reduce financial and technological asymmetries between countries.
- **Collective action for global public goods**: stable growth with full employment, preserving the ecological integrity of common resources and the global environment
- **Partnerships** for a new pattern of development, with a renewed State-society-market equation
- **Institutions and models** for capacity-building
- **Follow-up mechanisms**: indicators and open government or State

169 targets - 232 indicators

More than ever, the challenges are global and require international cooperation

- **A political approach and task**
- **The sum of national actions is not enough**: multilateral institutions are needed for greater global cooperation
- **Provision of global public goods**: financial stability, full employment and preservation of ecological integrity of common resources
- **Means of implementation** that close financing, technology and trade gaps, and build statistical capacities and open governments and States
- **Financial architecture (Addis Ababa Action Agenda)**: it is necessary to strengthen global financial governance, improve global tax cooperation and enhance co-responsibility between debtors and creditors
- **Paris Agreement on climate change**
- **Regional integration to propose new agreements to reduce financial, technological and trade asymmetries at the global level**
Towards a new development pattern

New institutions and public-private partnerships

At the global level
Governance for the creation of global public goods

At the regional level
Consolidating the regional contribution

At the national level
New industrial and technological policies

Progressive structural change on the basis of an environmental big push

Schumpeterian efficiency
Learning- and innovation-intensive sectors

Keynesian efficiency
Expansion of aggregate demand and an active fiscal policy

Environmental efficiency
Economic growth and increased well-being, with decreasing CO₂ emissions

The political economy and the inefficiency of inequality (Havana position, 2018)

• **Institutions** that reproduce the behaviours of agents with economic and political power, hindering production (industrial and technological innovation) policies and pro-equality fiscal policies.

• **Rentier tendency** that fed originally on privileged access to ownership of natural resources and also draws sustenance today from the financial economy and oligopolistic positions in markets with little competition.

• **The culture of privilege**, the colonial vestiges of a culture that normalizes social hierarchies and highly unequal access to the fruits of progress, political participation and production assets.

• This culture is the symbolic substrate underlying **territorial segregation**, **weak taxation** and the **appropriation of rents by power groups**.

• The region must eliminate **the culture of privilege** and promote a **culture of equality**.